

## MEMORANDUM

TO: Chairman Richard L. Mathias  
Commissioner Terry Harvill  
Commissioner Edward Hurley  
Commissioner Ruth K. Kretschmer  
Commissioner Mary Frances Squires

FROM: Eve Moran and Phillip Casey, Administrative Law Judges

DATE: January 25, 2002

SUBJECT: Illinois Bell Telephone Company

Application for review of alternative regulation plan.

Illinois Bell Telephone Company

Petition to Rebalance Illinois Bell Telephone Company's  
Carrier Access and Network Access Line Rates.

Citizens Utility Board and The People of the State of Illinois  
-vs-  
Illinois Bell Telephone Company

Verified Complaint for a Reduction in Illinois Bell Telephone  
Company's Rates and Other Relief.

Re: Informational Memo Outline for Oral Argument in 98-  
0252/98-0335/00-0764 Consol.

## DISCUSSION

The ALJs are providing the Commission with an outline of the issues or topics that each interested party intends to address on oral argument as reflected in their respective filings. The Commission will surely note that some are more specific than others. The Parts, Sections, and Subsections indicated throughout, all refer to the PEPO issued for this proceeding on November 2, 2001. Where sections or subsections have been identified, we have included pages references that correspond to those particular headings for the Commission's convenience.

Note: Based on the filings to date, it appears that the only parties interested in oral arguments are: Ameritech Illinois, CUB, the AG, Cook County, the City of Chicago, and the Staff. Our outline follows no particular order of presentation – we assume that either the Commission or the parties themselves will determine who goes first, second, etc.

## OUTLINE I

### STAFF:

#### Part III - The Statutory Criteria and Goals (Sub/Sections identified)

1. Fair Just and Reasonable Rates (PEPO at 25-39)
9. Service Quality (PEPO at 54-66)
10. Public Interest (PEPO at 66-70)

Presenter: Matt Harvey

#### Part V – Going Forward (Sub/Sections identified)

- A. Existing Components of the formula. (PEPO at 78-81)
- B. Proposed modifications to the price cap index (PEPO at 81-90)
- D. Merger savings (PEPO at 92-95)
- E. Basket structure (PEPO at 95-111)

Presenter: Matt Harvey

#### Part VI – Rate Re-Initialization (General)

Presenter: Matt Harvey and/or Sean Brady

#### Part VII – Service Quality (Sub/Sections identified)

- B. New Proposals (PEPO at 155-157)
- C. Developing Benchmarks (PEPO at 157-160 )
- D. Performance Measure and Benchmark Changes (PEPO at 160-175)
- E. Phase-In of New Benchmarks (PEPO at 175-176)
- F. Incentive Structure (PEPO at 176-198)
- G. Other Service Quality Issues (PEPO at 198-204)

Presenter: David Nixon

**AMERITECH ILLINOIS:**

Part III – Statutory Criteria and Goals  
(General)

Part V – Going Forward  
(Sub/Sections identified)

- B. Proposed Modifications to the Price Cap Index (PEPO at 81-90)
- C. Pricing Flexibility (PEPO at 90-92)
- E. Baskets (PEPO at 95-111)

Part VI – Rate Re-Initialization  
(Sub/Sections identified)

- B. Position on Central Issue (PEPO at 144-154)

Part VII – Service Quality  
(General)

Presenter: Louise Sunderland

**CITY OF CHICAGO:**

Part III – Statutory Criteria and Goals  
(General)

Part IV – Rate Rebalancing  
(General)

Part VI – Rate Reinitialization  
(General)

Part VII – Service Quality  
(General)

Other general topics – (a) Proper Scope and Standard for Review Proceeding  
(b) 1994 Order

Presenter: Jack Pace

**COOK COUNTY STATE'S ATTORNEY:**

Part V – Going Forward  
(Sub/Sections identified)

B. Proposed Modifications to the Price Cap Formula (PEPO at 81-90)

Part VI – Rate Reinitialization  
(Sub/Sections identified)

B. Positions on the Central Issue (PEPO at 144-154)

Part VII – Service Quality  
(General)

Presenter: Allen Goldenberg (ASA)

**ILLINOIS ATTORNEY GENERAL:**

Part II – The 10 Point Review  
(Sub/Sections identified)

Why the Commission required these issues to be specifically addressed;  
(b) an assessment of the productivity factor (PEPO at 6-9)  
(d) AI's investment in infrastructure (PEPO at 13-15)  
(e) report of price changes (PEPO at 15-17)  
(g) reclassification of services as competitive (PEPO at 18-19)  
(h) new services (PEPO at 20-22)  
(i) universal service levels (PEPO at 22-24)

Part III – Statutory Criteria  
(Sub/Sections identified)

1. Just and reasonable rates: legal and regulatory principles that define just and reasonable rates. (PEPO at 25-39)
4. Did the Plan respond to changes actually occurring. (PEPO at 42)
8. The existence and role of competition. (PEPO at 52-54)
10. Public Interest (PEPO at 66-70).

Part V – Going Forward  
(Sub/Sections identified)

- B. Proposed Modifications to the Price cap formula
- 2. X factor (PEPO at 81-84)
- d. Reinitialization of APC & PCI and relation to rate reinitialization (PEPO at 110-111)

Part VI – Rate Reinitialization  
(Sub/Sections identified)

- A. The Evidence- Revenue Requirements Analysis
- 4. Rate Design (PEPO at 142-144)
- B. Positions on the Central Issue (PEPO at 144-154)

Presenter: Susan L. Satter (AAG)

**CITIZENS UTILITY BOARD:**

Part III – The Statutory Criteria and Goals  
(Sub/Sections identified)

- 1. Has the Plan Produced Fair, Just and Reasonable Rates (PEPO at 25-39)

Part VI – Rate Reinitialization  
(General)

Part VII – Service Quality  
(General)

Other general topics – CUB/AG Complaint for Rate Reduction

Presenter: Karen Lusson

## **OUTLINE II**

As an additional assist to the Commission for its questioning purposes, we have also prepared this quick and easy reference using the general framework of the PEPO issued on November 2, 2001. It basically highlights the parties/attorneys who will be presenting argument under the main headings.

### **I. INTRODUCTION**

### **II. THE 10 POINT REVIEW – COMMISSION SPECIFIC ISSUES**

Illinois Attorney General (Susan Satter)

### **III. THE STATUTORY CRITERIA AND GOALS**

Staff (Matt Harvey)  
AI (Louise Sunderland)  
Attorney General (Susan Satter)  
CUB (Karen Lusson)  
City of Chicago (Jack Pace)

### **IV. RATE RE-BALANCING**

### **V. GOING FORWARD**

Staff (Matt Harvey)  
Cook County State's Attorney (Allen Goldenberg)  
Illinois Attorney General (Susan Satter)  
Ameritech Illinois (Louise Sunderland)

### **VI. RATE REINITIALIZATION**

Staff (Matt Harvey/Sean Brady)  
Ameritech Illinois (Louise Sunderland)  
Cook County State's Attorney (Allen Goldenberg)  
CUB (Karen Lusson)  
City of Chicago (Jack Pace)

### **VII. SERVICE QUALITY**

Staff (David Nixon)  
Ameritech Illinois (Louise Sunderland)  
City of Chicago (Jack Pace)  
Cook County State's Attorney (Allen Goldenberg)  
CUB (Karen Lusson)

EM/PAC:jt